

## Message Text

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 1095

AMEMBASSY LIMA

USUN NEW YORK 601

INFO USMISSION GENEVA

AMEMBASSY JAKARTA

AMEMBASSY SINGAPORE

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E.O. 11652: N/A

TAGS: PFOR, PORG, UN, UNGA, EGEN, IS

SUBJ: GOVERNMENT INFLUENCED NEWSPAPER COMMENTS ON FORTHCOMING  
INTERNATIONAL CONFERENCES

REF: A. STATE 75525 (NOTAL) B. KUALA LUMPUR 4866 (NOTAL)

C. STATE 198147 (NOTAL) D. KUALA LUMPUR 4949 (NOTAL)

1. SUMMARY/INTRODUCTION. LENGTHY EDITORIAL ENTITLED "RICH AND  
POOR" IN AUGUST 25 GOVERNMENT INFLUENCED (AND INDIRECTLY OWNED)  
"NEW STRAITS TIMES" (NST) PROVIDES WHAT WE BELIEVE IS MOST  
AUTHORITATIVE INDICATION TO DATE OF GOM THINKING ONF "ECONOMIC"  
ISSUES AT FORTHCOMING LIMA NON-ALIGNED CONFERENCE (NAC) AND SEVENTH  
SPECIAL SESSION OF UNGA. TONE OF EDITORIAL IS SET BY REFERENCE TO  
CONTINUED "MOMENTUM OF THE STRUGGLE OF THE THIRD WORLD FOR A BETTER  
DEAL -- ESPECIALLY IN THE ECONOMIC SPHERE." EDIT CITES VARIOUS  
STATISTICS TO STRESS GROWING RICH NATION/POOR NATION GAP AND TAKES  
USG TO TASK FOR ALLEGEDLY ENCOURAGING CONFRONTATION RATHER  
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THAN COOPERATIVE APPROACH TO "NEW ECONOMIC ORDER IDEA." ON

POSITIVE SIDE, EDIT COMMENTS IT "MOST UNLIKELY" NAC CONFERENCE IN LIMA WILL CALL FOR ISRAEL'S EXPULSION, CONCLUDING THAT ISRAELI OBLIGATIONS TO FULFILL OBLIGATIONS OF RESOLUTION 242 AND BE SUBJECTED TO CONTINUING SCRUTINY BY UN REQUIRE IT TO REMAIN A MEMBER OF THAT WORLD BODY (SEE SEPTEL). EMBASSY VIEW IS THAT WHILE COMMENTS IN EDIT REFLECT REAL, ALBEIT ILL INFORMED, CONCERNS OF MALAYSIA AS PRIMARY PRODUCT EXPORTER VULNERABLE TO RISING IMPORT COSTS AND PRICE INSTABILITY FOR ITS EXPORTS, IT IS UNLIKELY THAT MALAYSIAN DELEGATION WILL TAKE A LEADING ROLE IN ARGUING FOR INCREASED CONFRONTATION WITH DC'S. NONE-THE LESS THESE CONCERNS MAY DISPOSE IT TO FOLLOW CROWD IN CASE STEAM ROLLER TACTICS AGAIN RESORTED TO BY LDC'S.

2. BEGIN TEXT: RICH AND POOR

THE MOMENTUM OF THE STRUGGLE OF THE THIRD WORLD FOR A BETTER DEAL -- ESPECIALLY IN THE ECONOMIC SPHERE -- WILL BE GIVEN A PUSH AT THE CONFERENCE OF 78 NON-ALIGNED NATIONS WHICH STARTS IN LIMA (PERU) TODAY, WILL BE CONTINUED AT THE SPECIAL SESSION OF THE UNITED NATIONS NEXT MONTH, THE ANNUAL MEETINGS OF THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND, AND THE PREPARATORY TALKS FOR A CONFERENCE OF OIL PRODUCING AND CONSUMING COUNTRIES WHICH WILL DISCUSS MORE THAN OIL. JUST HOW MUCH CAN BE ACHIEVED AT THESE INTERNATIONAL FORUMS IS MOST UNCERTAIN. CERTAINLY THE NEED FOR A NEW WORLD ECONOMIC ORDER CANNOT BE DISPUTED. THE ECONOMICALLY ADVANCED NATIONS HAVE BEEN GETTING RICHER AT THE EXPENSE OF THE POOR. THE GAP BETWEEN THE HAVES AND HAVE-NOTS HAS WIDENED OVER THE YEARS, NOT NARROWED.

UNDP POINTED OUT ONLY RECENTLY THAT MORE ADULTS ARE ILLITERATE TODAY, MORE CHILDREN DIE SOON AFTER THEIR BIRTH, MORE PEOPLE SUFFER FROM MALNUTRITION THAN A QUARTER CENTURY AGO. WHILE "MIDDLE-INCOME COUNTRIES" SUCH AS MALAYSIA, TAIWAN, AND SINGAPORE HAVE (ACCORDING TO THE WORLD BANK) MADE REAL PROGRESS, THE WORLD'S "VERY POOREST COUNTRIES" (DEFINED AS THOSE WITH PER CAPITA INCOMES OF LESS THAN US\$200 A YEAR) GREW IN REAL PER CAPITA INCOME BY AN ANNUAL AVERAGE OF ONLY FIVE TENTHS OF ONE PERCENT IN THE 1969-1973 PERIOD -- EVEN BEFORE HIGHER OIL, FOOD AND FERTILISER PRICES AND THE WORLD RECESSION KNOCKED THEM OFF THEIR FEET. THE MIDDLE-INCOME COUNTRIES HAVE A TOTAL POPULATION OF 725 MILLION, THE VERY POOREST COUNTRIES MORE THAN ONE BILLION.

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THE PRESENT WORLD ECONOMIC ORDER HAS NOT AT ALL WORKED TO REDRESS THE BALANCE BETWEEN HAVES AND HAVE-NOTS. UNCTAD NOTED A MONTH AGO THAT FROM 1958 TO 1972 THE TERMS OF TRADE OF DEVELOPING COUNTRIES DETERIORATED AN AVERAGE ANNUAL RATE OF 2.2 PERCENT. OIL WAS LEFT OUT OF ITS CALCULATIONS. HAD IT BEEN INCLUDED AND THE ANALYSIS TAKEN PAST 1972, THE RESULTS WOULD HAVE SHOWN EVEN A GREATER RELATIVE DETERIORATION IN THE TRADING POSITIONS OF THE POORER COUNTRIES.

COURTING DANGER

THE CHOICE FOR THE DEVELOPED AS WELL AS THE DEVELOPING COUNTRIES NOW IS BETWEEN A CO-OPERATIVE APPROACH TOWARDS A BETTER WORLD ECONOMIC ORDER -- OR CONFRONTATION. THE FORMER HAVE NOT DISPLAYED MUCH ENTHUSIASM FOR CO-OPERATION. DR. KISSINGER'S MAIN THEME TODAY IS THAT THE UNITED STATES IS MORE WILLING THAN EVER TO CO-OPERATE BUT THAT WASHINGTON CAN DO NOTHING IF THE THIRD WORLD INSIST ON DELIBERATELY ENCOURAGING THE EMERGENCE OF 'AN ATMOSPHERE OF IDEOLOGICAL CONFRONTATION AND BLOC POLITICS' -- A CHARGE THAT SMEARS A GREAT MANY AND GLOSSES OVER THE FACT THAT FOR SOME TIME AFTER THE NEW ECONOMIC ORDER IDEA CAME ON THE SCENE, THE U.S. WAS WORKING HARDER THAN ANYONE ELSE TO MAKE IT THE SUBJECT OF CONFRONTATION AND BLOC POLITICS. FOR YEARS NOW IT HAS BEEN WIDELY ACCEPTED IN THEORY (IF NOT PUT INTO PRACTICE) THAT THE RICH-POOR GAP IS NOT ONLY MORALLY REPREHENSIBLE BUT ALSO A DANER TO WORLD PEACE AND SECURITY. THE DANGER THE WORLD COURTS IS GREATER THE LONGER IT POSTPONES THE MOVEMENT FROM IDEAL TO REALITY.

THE REPRESENTATIVES OF 78 NON-ALIGNED NATIONS, WHERE HALF THE WORLD'S POPULATION LIVE, WILL BE DISCUSSING IN LIMA NOT ONLY THE ECONOMIC PROBLEMS WHICH PREOCCUPY THEM BUT ALSO POLITICAL ISSUES INCLUDING SOUTH AFRICA, THE INDIAN OCEAN AS A ZONE OF PEACE, INDOCHINA, CYPRUS, AND OF COURSE, THE MIDDLE EAST. THE FEARS EXPRESSED IN SOME QUARTERS THAT THE FOREIGN MINISTERS' CONFERENCE WOULD SABOTAGE THE MOVES TOWARD A SECOND INTERIM SETTLEMENT IN THE SINAI AND SET THE STAGE FOR A SOVIET-AMERICAN CONFRONTATION IN THE MIDDLE EAST APPEAR TO BE AS MISCHIEVOUS AS THEY ARE UNFOUNDED. IF THE RECENT ORGANISATION OF AFRICAN UNITY SUMMIT DID NOT CALL FOR THE EXPULSION OF ISRAEL FROM THE UNITED NATIONS, IT IS MOST UNLIKELY THAT THE NON-ALIGNED MEETING WILL DO SO. ISRAEL MUST BE MADE TO BOW TO RESOLUTION 242 AND ACCEPT THE OBLIGA-LIMITED OFFICIAL USE

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TIONS SPECIFIED UNDER IT. TEL AVIV MUST BE KEPT UNDER THE SCRUTINY AND CROSS-EXAMINATION OF THE UNITED NATIONS. BOTH REQUIRE THAT IT REMAIN A MEMBER OF THE WORLD ORGANIZATION. END TEXT.

3. COMMENT: WE BELIEVE THIS EDIT IN NEWSPAPER WHICH OFTEN HAS SERVED AS GOM'S MOUTHPIECE WAS WRITTEN EITHER ACCORDING GOM GUIDELINES OR QUITE CONCEIVABLY ACTUALLY DRAFTED BY MFA, THEREBY ENABLING GOM GET IS POSITION ACROSS FOR PUBLIC RECORD WHILE ALLOWING IT FLEXIBILITY FOR LAST MINUTE CHANGES. DESPITE CONTAINING NUMBER OF FACILE CONCLUSIONS BASED ON CONTROVERSIAL AND LARGELY UNPROVEN ASSUMPTIONS, EDITORIAL REPRESENTS POINT OF VIEW WIDELY HELD IN MALAYSIA, BOTH BY POLICY MAKERS AND GENERAL PUBLIC. AS WOULD BE EXPECTED IN COUNTRY THAT DEPENDS TO VERY LARGE DEGREE ON RAW MATERIAL

EXPORTS TO SURVIVE, MALAYSIANS ARE PARTICULARLY RECEPTIVE  
TO ARGUMENTS SUCH AS: GAP BETWEEN RICH AND POOR COUNTINUES  
TO WIDEN; TERMS OF TRADE BETWEEN LDC'S AND DC'S HAVE  
DETERIORATED TO DETRIMENT OF FORMER AND; REAL OBSTACLE TO  
DEVELOPMENT OF "BETTER ECONOMIC ORDER" HAS BEEN UNCOOPERATIVE  
ATTITUDE ON PART OF DC'S (ESPECIALLY U.S.). MALAYSIAN  
DELEGATION AT LIMA AND SEVENTH SPECIAL SESSION UNLIKELY,  
HOWEVER, TO PLAY LEADING ROLE IN ARGUING FOR MORE CONFRONTATION  
WITH DC'S. NOT ONLY IS THIS CONTRARY TO GOM'S DIPLOMATIC  
STYLE, BUT ALSO WE BELIEVE GOM UNDERSTANDS THAT NECESSITY  
FOR GREATER COOPERATION PRECLUDES SUCH TACTICS, IF AT ALL  
POSSIBLE. BY SAME TOKEN, MALAYSIANS UNLIKELY TO FORCEFULLY  
RESIST THOSE WHO WILL PRESS FOR HARD LINE POSITION, ESPECIALLY  
IF THEY APPEAR TO BE IN MAJORITY.  
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